

FY 2016-2017 BUDGET DEVELOPMENT WORKFORCE DEMOGRAPHICS & TOTAL COMPENSATION

Board of Supervisors Work Session
February 23, 2016

Agenda

- Workforce Demographics
- Total Compensation
 - Overview
 - Pay Adjustments
 - Total Compensation Benefits
 - Total Compensation Package
- Retiree and Other Post-Employment Benefits (OPEB)
- Next Steps

WORKFORCE DEMOGRAPHICS

Roanoke County Workforce

- Roanoke County's workforce is experienced and representative of the locality it serves
- Significant number of employees that will become eligible for retirement in the next several years, particularly in Non-Public Safety related positions
- Roanoke County works diligently to provide our workforce the tools necessary to provide citizen services
- The following slides demonstrate who our workforce is and how having competitive pay and benefits can effect our retention and recruitment

Demographics

Category	Public Safety	Non-Public Safety	Total
Full-Time Employees	380	548	928*
Part-Time Employees	51	827	878
Gender: Male	88%	40%	63%
Gender: Female	12%	60%	37%
Age Range	21 – 64	18 – 69	18 – 69
Median Age	37	47	42
Years of Service Range	0 – 41	0 – 44	0 – 44
Median Years of Service	9	6	7
Median Salary	\$42,997	\$40,332	\$41,849

Public Safety:

Fire & Rescue, Police, Sheriff (Sworn/Uniform Only)

Non-Public Safety:

All others

* Payroll data from July 2015; does not include vacancies; 969 total Board approved positions in Classification Plan

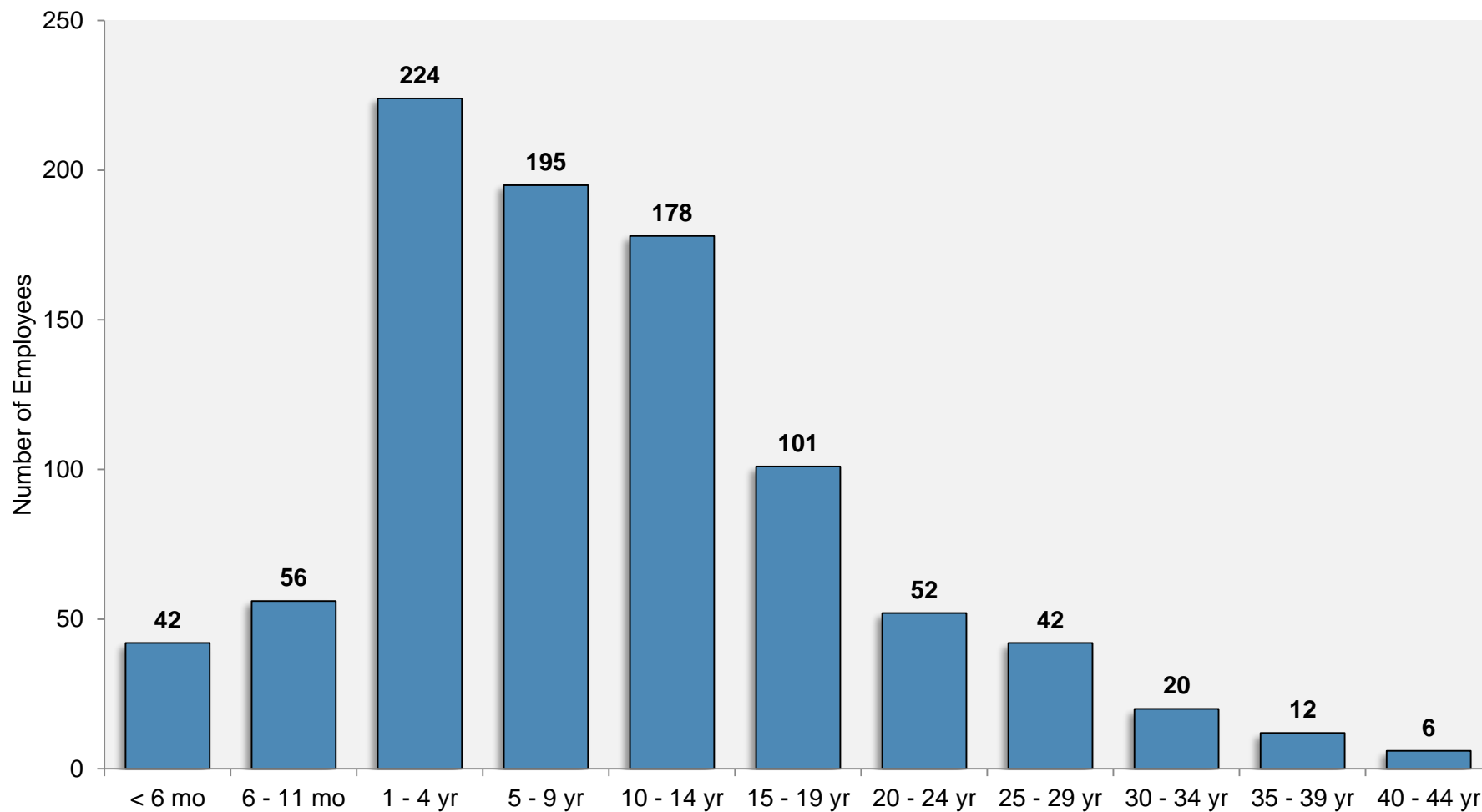
Ethnicity

Ethnicity	Roanoke County Government	Roanoke County	Roanoke MSA
American or Alaskan Native	0.2%	0.5%	0.34%
Asian or Pacific Islander	3%	0.5%	1.87%
Black	5.4%	4.5%	13.0%
Hispanic	2.4%	1.1%	3.38%
Other	-	0.1%	-
White	89.8%	93.2%	82.8%

- Overall, ethnic diversity is in line with Roanoke County as a whole

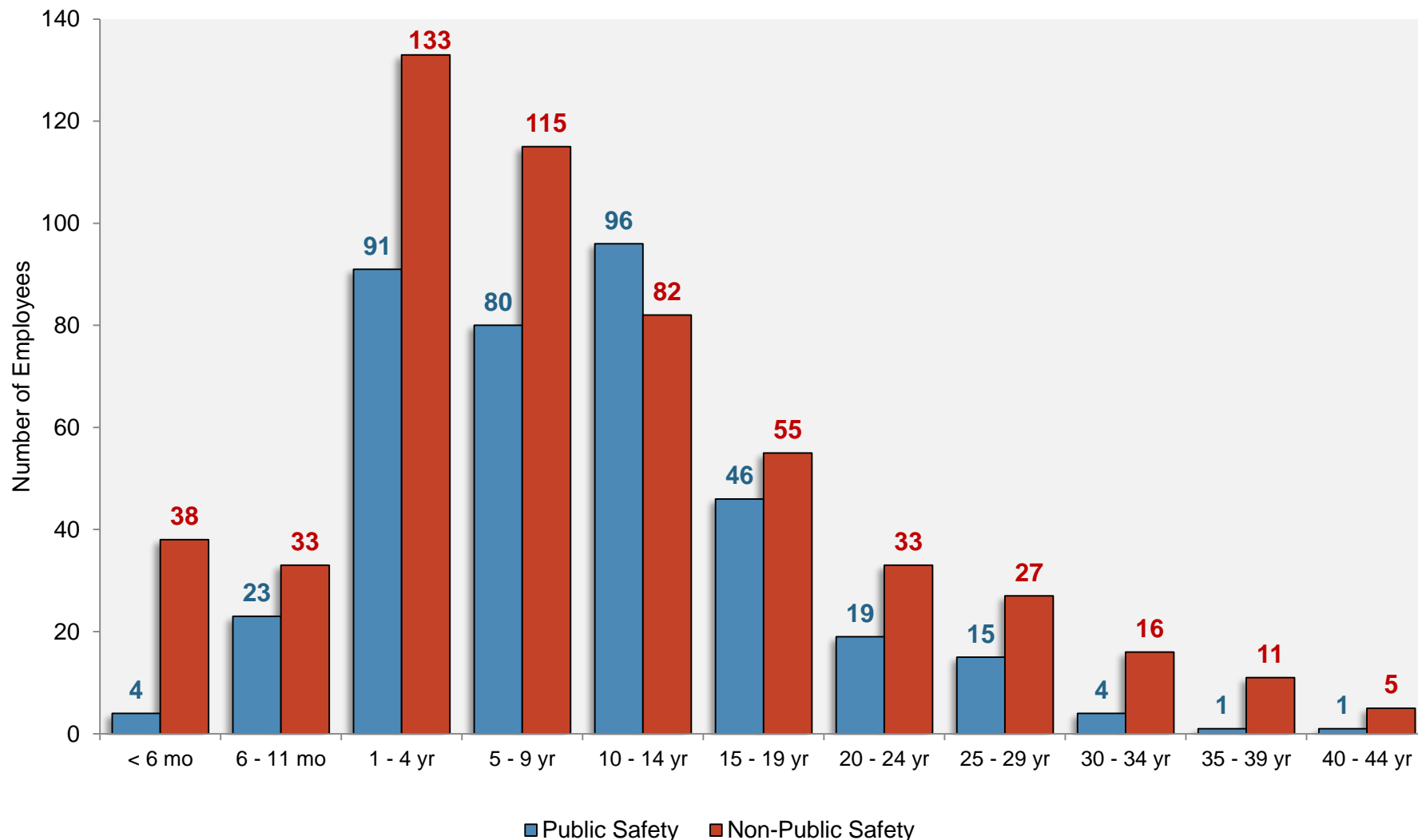
Years of Service

**Years of Service - All Full-Time Employees
928 Employees**



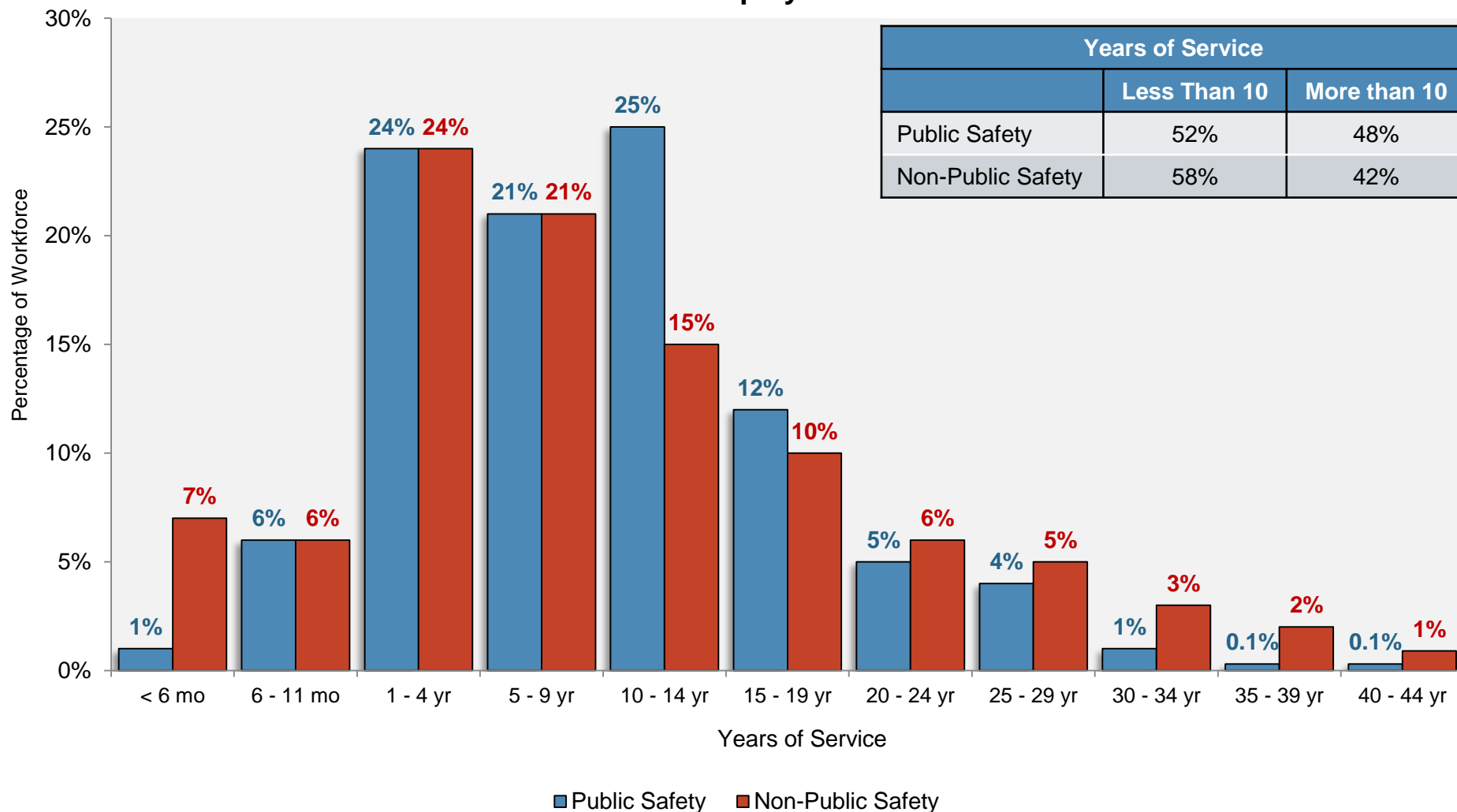
Years of Service

Years of Service - Public Safety and Non-Public Safety
928 Employees



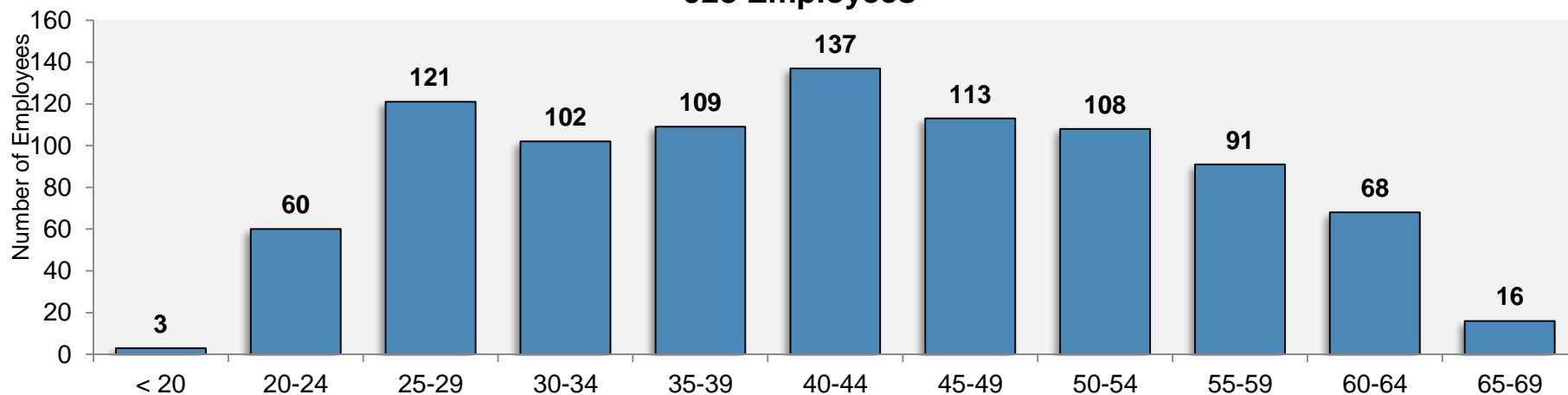
Years of Service

Years of Service as a Percentage of Workforce
Public Safety and Non-Public Safety
928 Employees

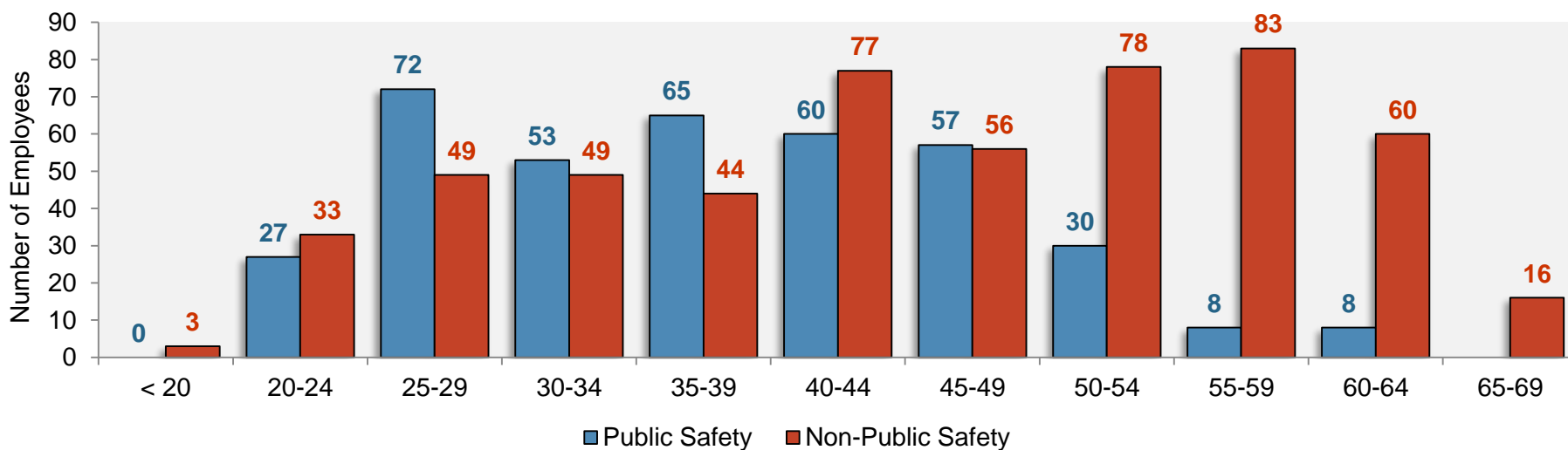


Age

**Age - All Full-Time Employees
928 Employees**



**Age - Public Safety and Non-Public Safety
928 Employees**



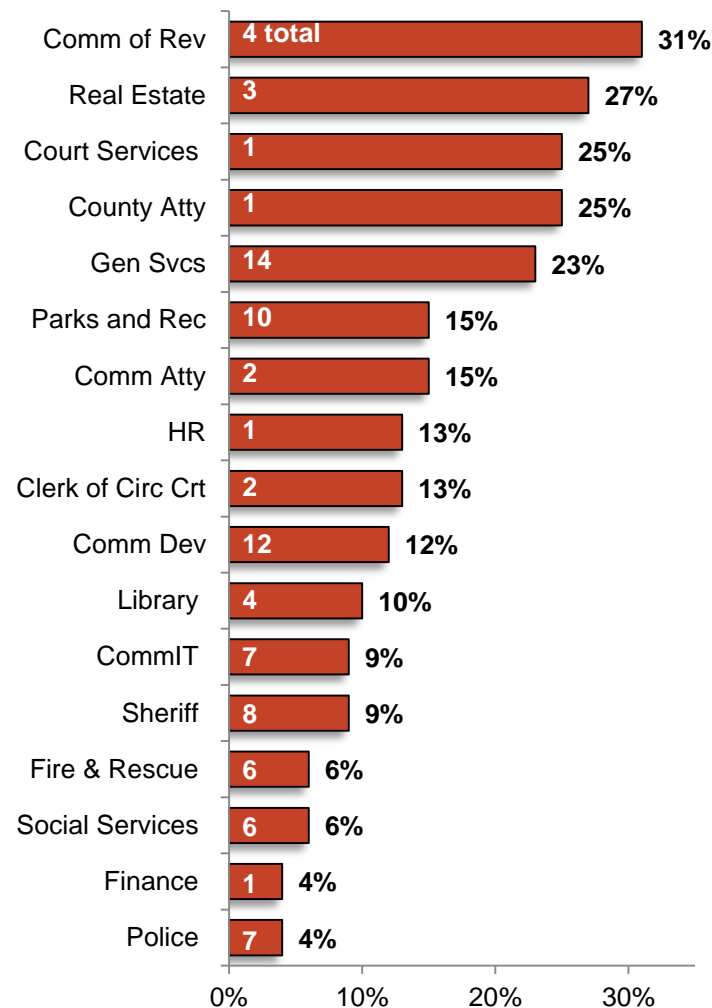
VRS Full Retirement Eligible Now

Workforce Eligible Full Retirement

Category	# of Employees	% of Total	Definition
Public Safety	23	6%	Age: 50, YOS: 25 Age: 60, YOS: 5
Non Public Safety	62	11%	Age: 50, YOS: 30 Age: 65, YOS: 5
Total Eligible	85	9%	

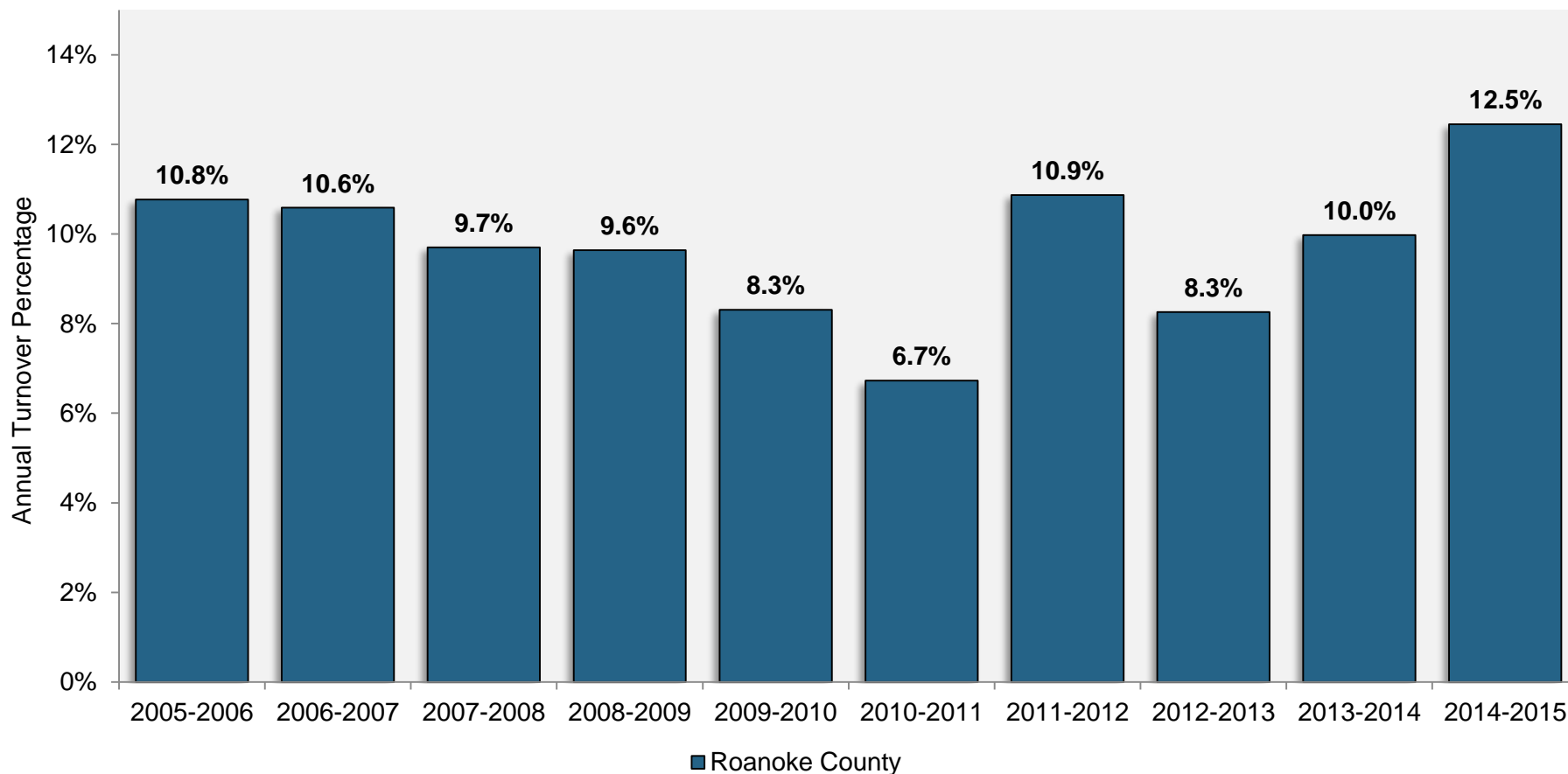
Job Category	Total Eligible		Public Safety	Non-Public Safety
Asst Directors & above	16	42%	5	11
Managers/Supervisors	20	10%	9	11
All Others	49	7%	9	40

% of Employees Eligible for Retirement (July 2015)



Employee Turnover

Roanoke County Employee Turnover FY 2006 through FY 2015



- Commonwealth of Virginia's turnover rate at 11.1%*

Part-Time Employees

Hours/Year	Hour/Week	Count	Total Wages	Turnover In FY 15
1040 +	20 – 29	69	\$1,016,106	3
780 – 1039	15 – 19	86	841,230	5
520 – 779	10 – 14	109	775,147	14
< 520	< 10	614	1,180,538	83
Total		878	\$3,813,021	105

- Data based on part-time employees paid in FY 2015
- Includes General and Non-General Fund (e.g. – Recreation Fee Class)
- Excludes elections & sports officials
- Majority of part-time positions are in Parks, Recreation, and Tourism, Library, and General Services (783 of 878 employees paid)

Workforce/Demographics Wrap-up

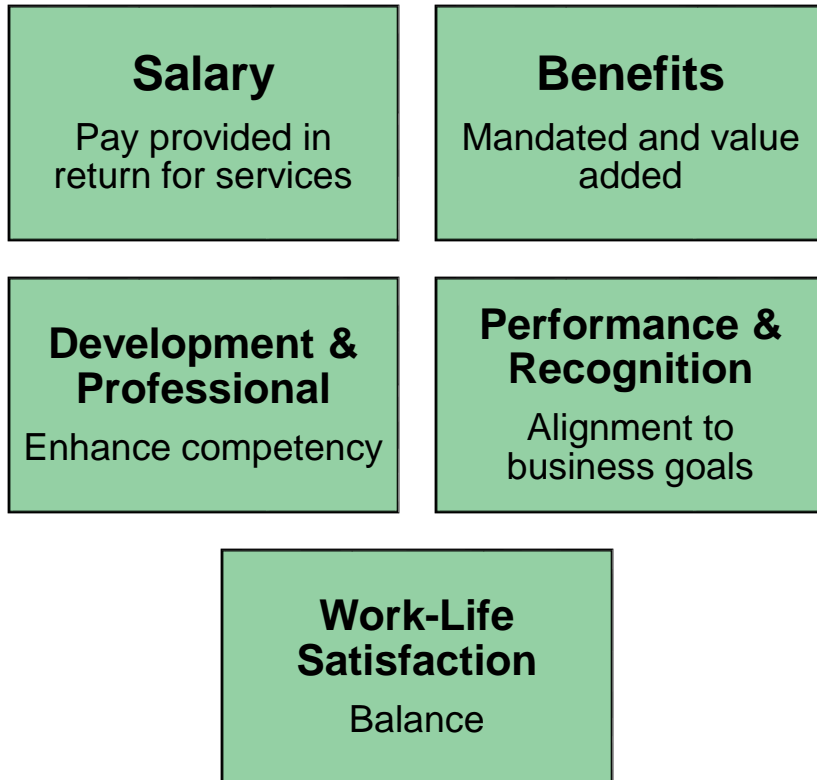
- Aging workforce
 - 42% of Assistant Directors & higher are eligible for retirement
- Turnover has trended upward since FY 2011
- Hiring patterns have trended younger
 - Over the past five years, 71% of new employees were below the age of 40
- Part-time employees are a significant part of the overall workforce

TOTAL COMPENSATION

Compensation Philosophy

- Ensure recruitment and retention of high quality employees
- Ensure internal equity and market comparability
- Compensation philosophy that is consistent with fiscal constraints
- Balance total compensation between pay and benefits
- Recognize outstanding performance

Components of Total Compensation



Roanoke County Total Compensation

- Significant percentage of total budget (54.8%) when excluding school transfer

- Pay

- Salaries and wages

- Benefits

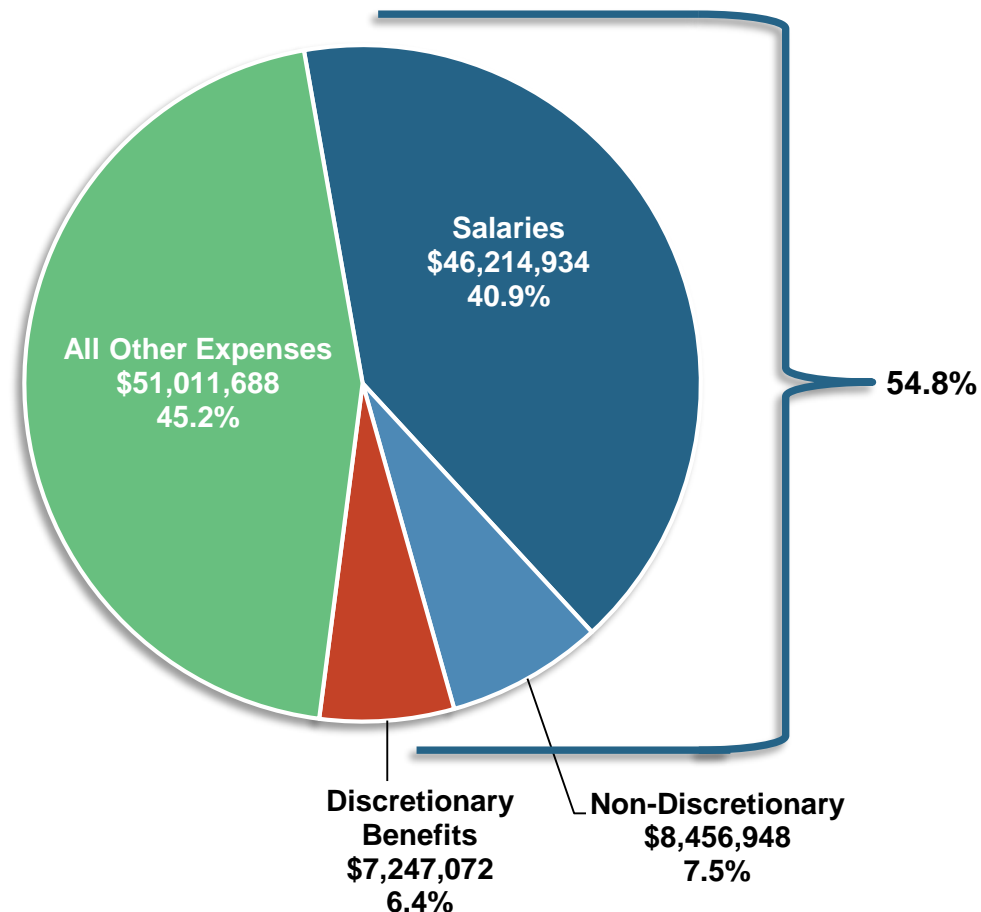
- Non-Discretionary

- Social Security/Medicare
- Virginia Retirement System (VRS)
- VRS Life Insurance
- VRS Health Credit

- Discretionary

- Short and Long Term Disability
- Deferred Compensation
- Health/Dental/Vision Insurance
- *Flexible Leave/Holidays*
- *Flexible Leave Payout*
- *Longevity Bonus*

**FY 2016 Total General Government Budget
(excluding Schools transfer)
\$112,930,642**

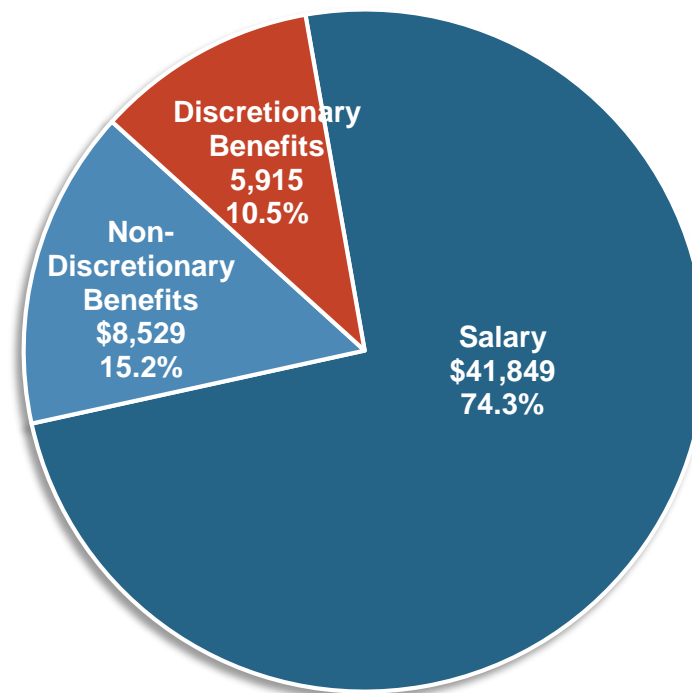


Total Compensation Package

- Example: Median full-time salary of \$41,849

Compensation	Employer Cost
Salary	\$41,849
Non-Discretionary Benefits	
FICA	3,201
VRS	4,654
VRS-Life	552
VRS-Health Credit	121
Discretionary Benefits	
Short and Long Term Disability	247
Deferred Compensation	650
Health Insurance Key Care 1000 (Subscriber Only)	4,738
Dental Insurance (Subscriber Only)	280
Total	\$56,293

Total Compensation Breakdown



- Employees also receive 11 paid holidays and earn Flexible Leave based on years of service

PAY ADJUSTMENTS

Types of Pay Adjustments

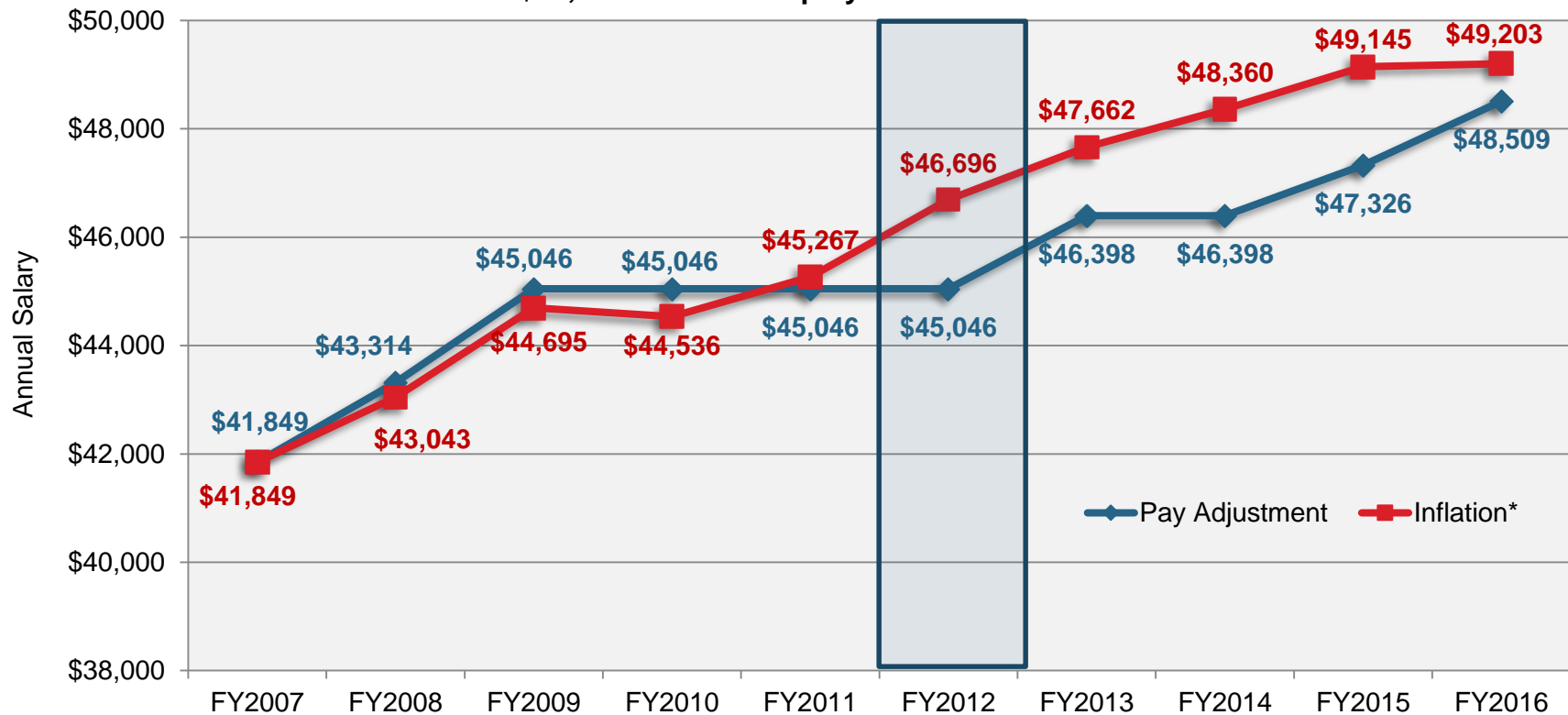
- Pay changes that affect all
 - Across-the-Board
 - Merit-based pay
- Pay changes that affect groups
 - Adjustments to Job Classes
- Pay changes that affect individuals
 - Reclassifications
 - Acting Pay
 - Promotions
 - Competency/skill-based
 - In-grade adjustments
 - Outstanding performance

FY 2015-2016 Pay Initiatives

- 2.5% Raise
 - 2.0% cost-of-living increase
 - 0.5% to recognize reduced Health Insurance costs
- Skill-Based Pay (Public Safety Phase II Implementation)
 - Police, Fire and Rescue, Sheriff
- 24/12 Hour Shift Overtime Parity
 - Equalized pay discrepancy due to scheduling of 12 and 24 hour shifts in Fire and Rescue
- Performance Pay
 - Budgeted at \$75,000

History of Pay Adjustments

Example Pay Adjustments Compared to Inflation
\$41,849 Salaried Employee in FY 2007



	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Pay Adjustment	4.0%	3.5%	4.0%	0.0%	0.0%	0.0%	3.0%	0.0%	2.0%	2.5%
Inflation*	3.2%	2.9%	3.8%	-0.4%	1.6%	3.2%	2.1%	1.5%	1.6%	0.1%

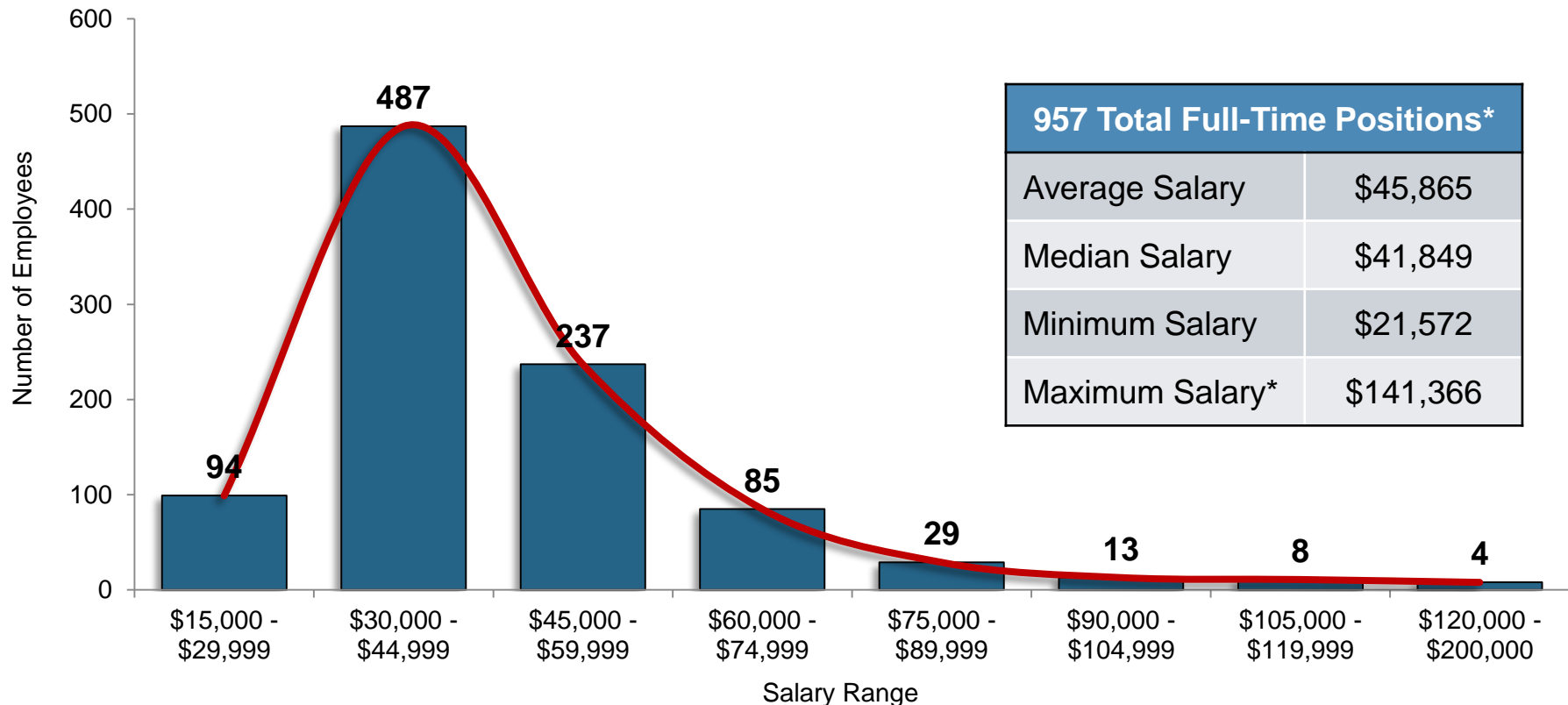
Note:

- FY 13 also included a hold harmless 5.75% increase for VRS Plan 1 employees due to state mandate that all employees pay their share of VRS contribution
- Non-recurring bonuses were received in FY 10 (\$500) and FY 12 (\$500 - \$2,500)
- 0.5% of FY 16 increase was a hold harmless increase for Health Insurance rate changes

*Source: U.S. Bureau of Labor Statistics, www.bls.gov

Full-Time Salary Distribution for Classified Employees

Full-Time Salary Distribution for Classified Employees*
@ November 2015



- 61% of all full-time salaries are below \$45,000
- 86% of all full-time salaries are below \$60,000

***Note:** Does not include non-classified positions (i.e. - County Administrator, County Attorney, Constitutional Officers)

Cost of Every 1% Change in Employee Pay

Compensation	FY16 Budget	Impact of 1% Increase in Salary
Salary	\$43,094,920	\$430,949
Benefits* (excludes Health and Dental)	\$8,692,245	\$86,922
Total Cost of 1% Change in Pay		\$517,871

*Benefits include FICA, VRS, VRS Life, VRS Health Credit, and Long Term Disability

TOTAL COMPENSATION BENEFITS

Compensation - Benefits

- Benefits are the second component of our overall compensation strategy
 - Pay being the first component
- Benefits are a necessary component for recruitment and retention in a competitive job market
- Benefits must be evaluated relative to the current and evolving workforce demographic

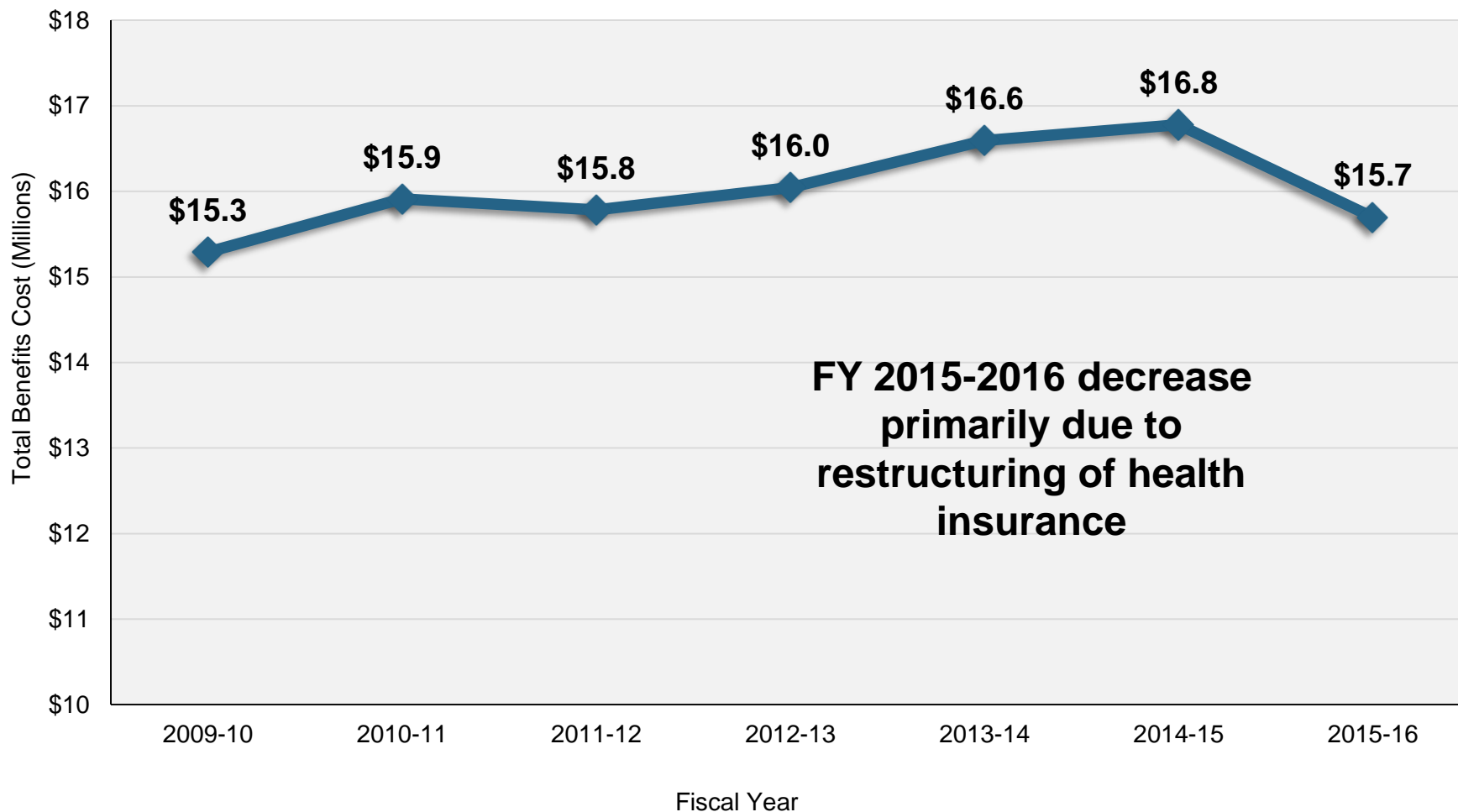
Total Compensation - Benefits

Mandatory	Value-Added
FICA – Social Security/Medicare	Health/Dental/Vision Insurance
Workers' Compensation	Wellness
Virginia Retirement System	Deferred Compensation
Life Insurance	Flexible Leave and Holidays
Health Insurance Credit	Flexible Spending Accounts
Short and Long Term Disability*	Employee Assistance Program

*Short and long term disability falls under both categories

Historical Expenses Related to Benefits

County Expenses Related to Benefits
FY 2010 through FY 2016



Basic Trends in Setting Health Insurance Rates

- Create a strong association between cost and use
 - Key Care 1000 plan approximately 15% lower cost than the Key Care 200
 - Higher deductible plans generate savings through consumer-driven health care management
- Wellness program
 - Employee choice
 - Strong participation
- Affordable Care Act

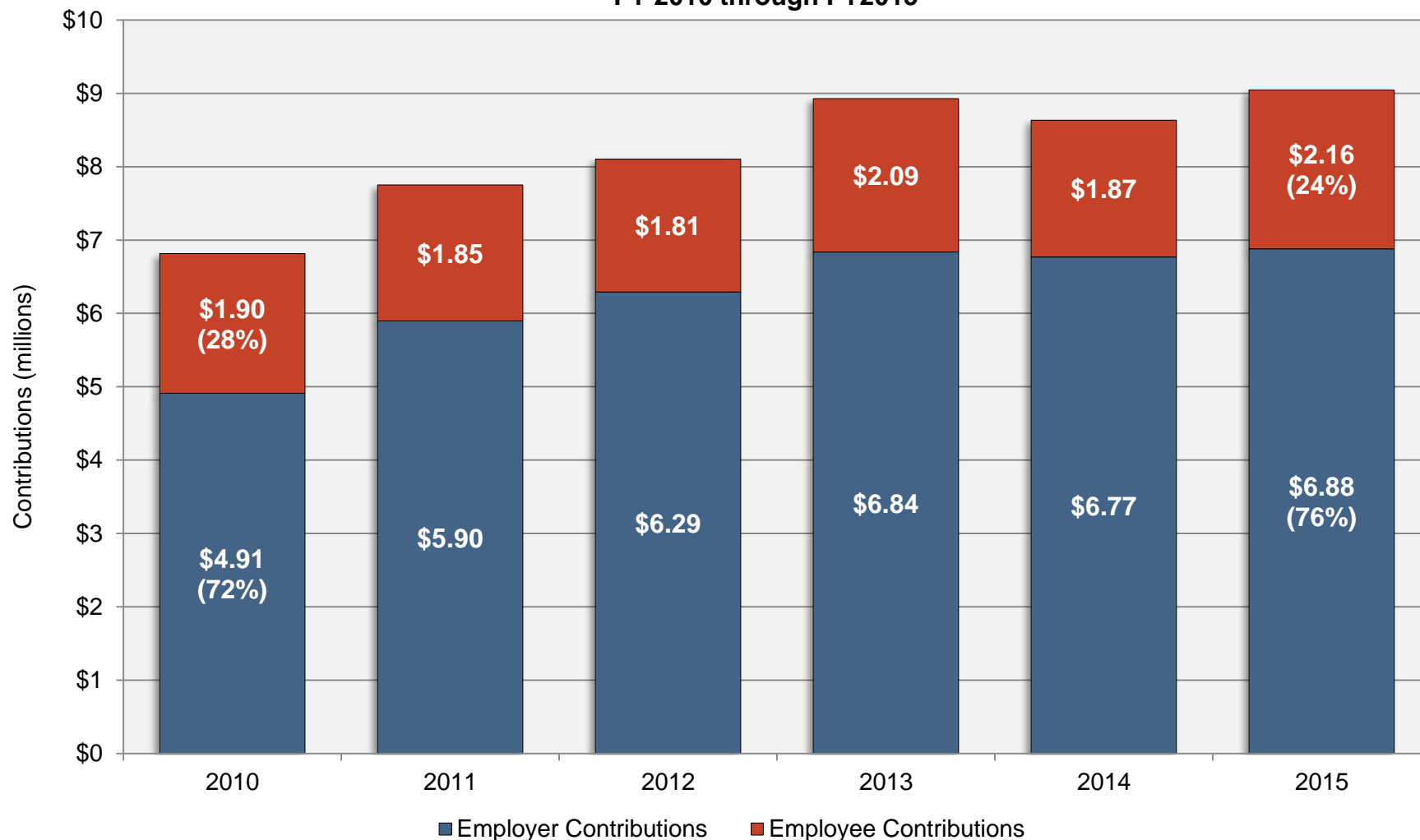
Health Insurance Changes

Plan Design Changes and Impact

Year	Plan Changes	Increase to Employee	Increase to County
FY 2010	Federal regulation compliance	--	--
FY 2011	Federal regulation compliance	--	4.1%
FY 2012	ACA compliance	--	4.8%
FY 2013	KC200 replaced KC20	--	--
FY 2014	Added KC1000	--	2.5%
FY 2015	None	5% KC200	--
FY 2016	Federal regulation compliance	KC200 \$15 to \$60 monthly increase (Based on Wellness participation and plan)	--
FY 2017	TBD	TBD	TBD

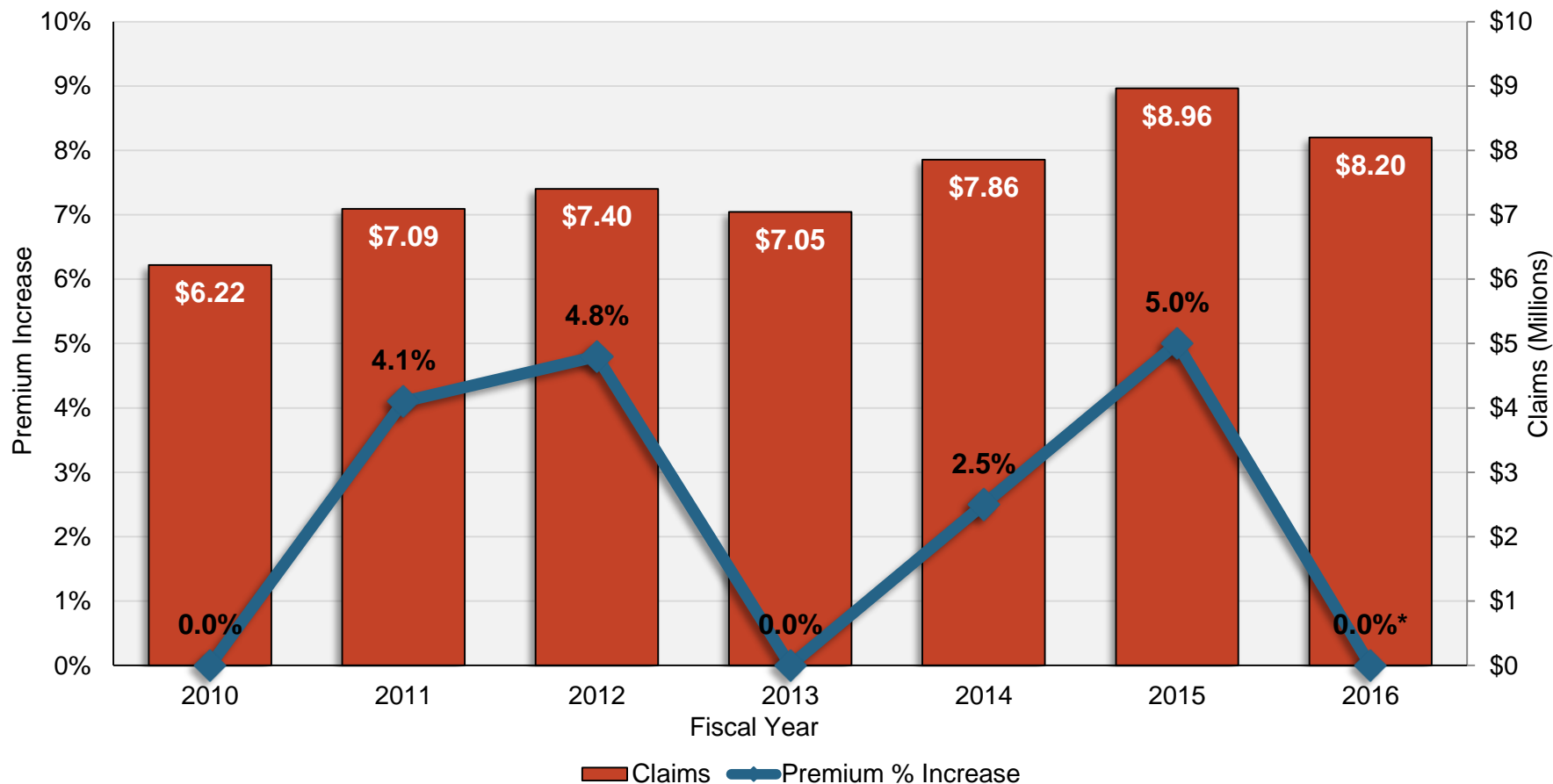
Health Insurance Contributions

Health Insurance Contributions - Employer and Employee
FY 2010 through FY2015



Health Insurance Changes

Premium Increases Related to Health Insurance
FY 2010 through FY 2016



***Note:** FY 2016 did not include an overall premium % increase but did include a \$15 to \$60 monthly increase to KeyCare 200 based on Wellness participation and plan

FY16-17 Health Insurance Plan

- 2nd Year of Contract
 - Medical Anthem
 - Express Scripts (drug coverage)
 - Symetra (Reinsurance)
- UniCare - Vision Insurance Plan
 - 100% employee paid vision insurance plan – eye exam, glasses, contacts, etc.
- Assessing the balance between pay and benefits

VRS Overview

- Membership in VRS is irrevocable
- Employer rates are:
 - VRS Retirement - 11.18%
 - VRS Life - 1.31%
 - Health Credit - 0.30%
- Employee pays 5% toward VRS Retirement
- County elected to take phase-in approach to VRS retirement rate (currently at 90%)

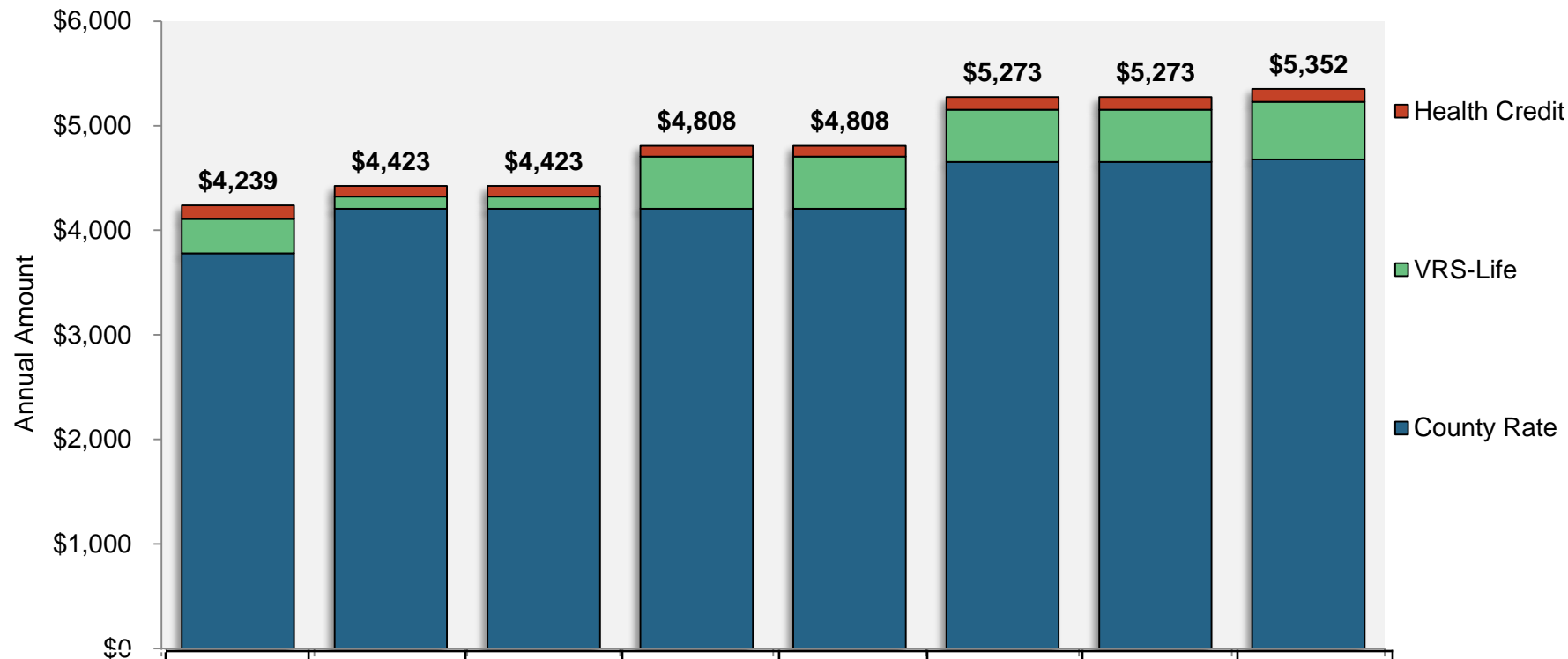
VRS Plans

Plan 1	Plan 2	Hybrid
Defined Benefit Plan	Same as Plan 1	Defined Benefit + Defined Contribution plan
Formula based on age, creditable service, average final compensation	Same as Plan 1, but with lower benefit	Defined Benefit has lowest multiplier, and Defined Contribution determined by investment results
Membership prior to January 2010 and vested by January 2013	Membership after January 2010, or not vested by January 2013	Membership after January 2014, excludes Public Safety

Basic Retirement Example – Final Average Salary of \$41,849			
Plan	Basic Retirement Benefit (30 years of service)	Total Annual Benefit	Annual Inflation Adjustment
Plan 1	\$1,779 per month	\$21,348	Chained to CPI 5% maximum
Plan 2	\$1,726 per month	\$20,712	Chained to CPI 3% maximum
Plan 3	\$1,046 per month + Defined Contribution	\$12,552 + Defined Contribution	Chained to CPI 3% maximum

VRS Fiscal Impact

**Virginia Retirement System County Costs – Median Salary \$41,849
FY 2010 through FY 2017**



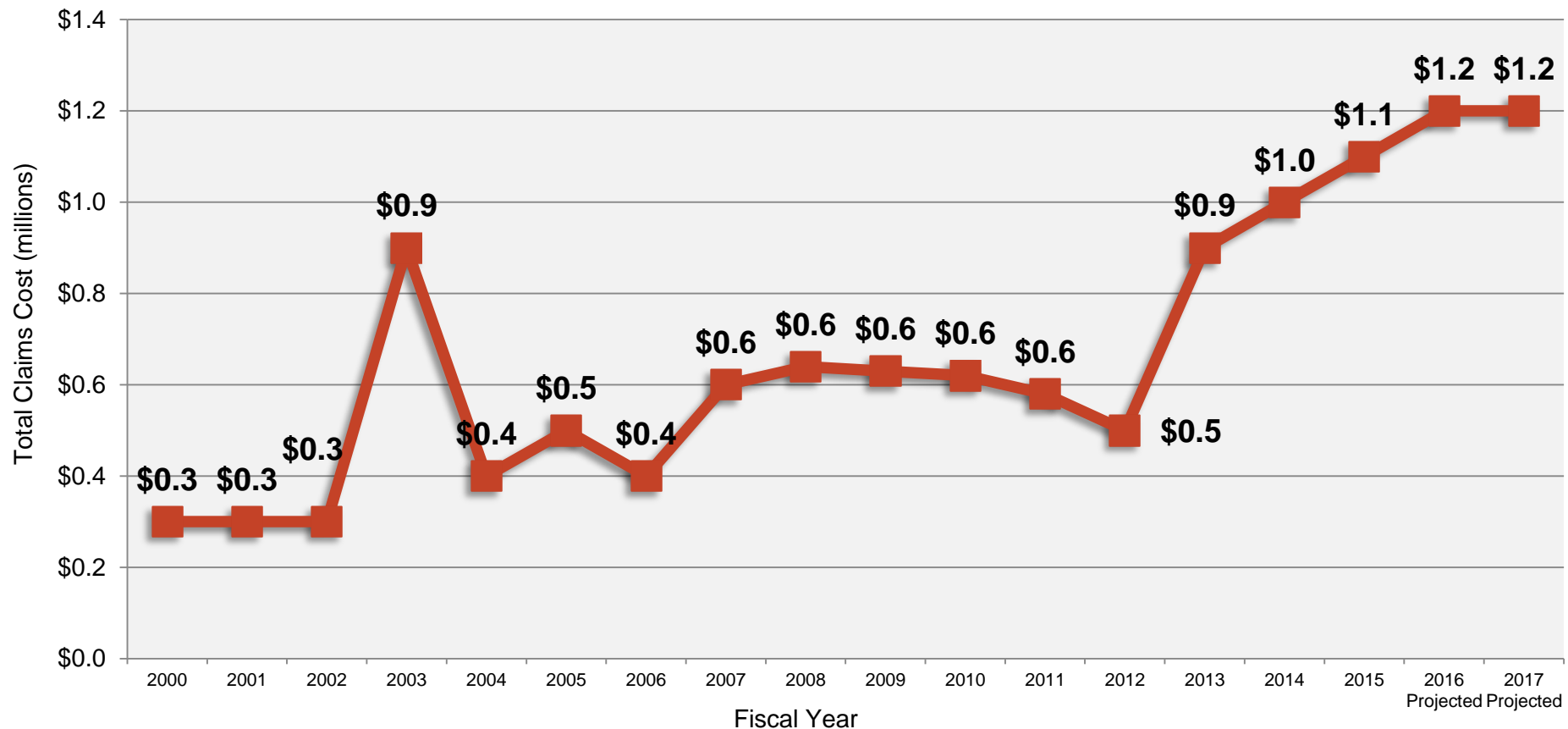
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Health Credit	0.31%	0.24%	0.24%	0.25%	0.25%	0.29%	0.29%	0.30%
VRS-Life	0.79%	0.28%	0.28%	1.19%	1.19%	1.19%	1.19%	1.31%
VRS-County	9.03%	10.05%	10.05%	10.05%	10.05%	11.12%	11.12%	11.18%
Total	10.13%	10.57%	10.57%	11.49%	11.49%	12.60%	12.60%	12.79%

Workers' Compensation

- Self-insured program established in July 1986
 - The County assumes the risk for providing workers' compensation benefits to employees
 - Pay 'out of pocket' for each claim instead of utilizing a fix premium or insurance carrier
 - Excess coverage insurance policy covers each accident in excess of \$200,000
 - Provides more opportunity to control costs
 - 'Pay as you go' approach maximizes cash flow instead of paying costs up front

Workers' Compensation Claims History

Workers' Compensation Claims History
(in millions)



- FY 2016 budget for claims and administrative costs is \$949,300
- Actuarial report recommends \$250,000 increase to FY 2017 budget

Line of Duty

- Covers volunteer and paid hazardous duty personnel and their survivors
- Includes continued health insurance for disabled uniformed officers and their families, as well as death benefits and continued health insurance for families of officers killed in the line of duty
- The 2012 Virginia General Assembly enacted changes as to how benefits are funded and administered under Line of Duty Act
 - Passed expense on to localities
- County purchases insurance from VACORP

Fiscal Year	Premium
2012-2013	\$196,849
2013-2014	\$204,552
2014-2015	\$208,198
2015-2016	\$221,335
2016-2017 Projected	\$230,000

RETIREE HEALTH INSURANCE AND OTHER POST EMPLOYMENT BENEFITS (OPEB)

Retiree Health Insurance

- Eligibility
 - Non-deferred retirement that meets all eligibility requirements service or disability VRS retirement
 - 10 years of continuous full time service with the County
 - 5 continuous years on the County Health and/or Dental Insurance Plan
 - Health Insurance: Retirees and spouses are only eligible for health insurance until age 65
- Wellness
 - Retirees have access to health center and receive \$80 per month incentive for engagement

Retiree Health Insurance Funding

- Premium Contribution

- Retirees receive a contribution from the County toward the health insurance premium based on the following continuous years of service schedule:
 - 20+ years = 100% of County contribution for an active employee
 - 15-19 years = 90% of County contribution for an active employee
 - 10-14 years = 80% of County contribution for an active employee

- Health Insurance Credit

- Premium offset paid by County to retirees through VRS benefit check
- Retirees must have 15 years of VRS service to be eligible
- Disability retirees receive the maximum HIC of \$45/month regardless of length of VRS service
- The health insurance credit equates to \$1.50 for each year of VRS service to a maximum of \$45

Retiree Health Insurance Claims Data

	Actual 2011-12	Actual 2012-13	Actual 2013-14	Actual 2014-15	Projected 2015-16
Sources of Revenues:					
Health Insurance Contributions (Retiree)	240,000	255,000	260,000	285,000	340,000
Health Insurance Contributions (Employer)	586,103	586,103	586,103	586,103	456,103
Use of Funds:					
Insurance Claims	(1,255,302)	(891,333)	(829,431)	(1,168,564)	(1,252,042)
Difference	(429,199)	(50,230)	16,672	(297,461)	(455,939)

Other Post Employment Benefits (OPEB)

- Retiree health benefits
- Currently have \$177,591 in the general fund budget for the annual required contribution
- Funded the annual required contribution from General Fund
- We participate in the VML Trust Fund
- Assets held in trust \$4.8 million
- Local Finance Board maintains the fiduciary responsibility of funds
- Actuarial report bi-annually

TOTAL COMPENSATION PACKAGE

Total Compensation Philosophy Moving Forward

- Employer of Choice
- Enhance competencies for the development and professional growth of our employees
- Align our business goals to enable recognition for outstanding performance by our employees
- Create work-life satisfaction by creating balance both at and away from work
- Re-establish tuition reimbursement

Total Compensation Philosophy Moving Forward

- Demonstrate appreciation of employee performance with appropriate level of compensation
 - Pay and benefits
- Greater emphasis on rewarding top performers
 - Less emphasis on pay adjustments equalized across organization
- Define performance targets for employees and assess their work against standards
 - Develop and improve employee efficiency and effectiveness

NEXT STEPS

Next Steps

- March 8th
 - County Administrator's Proposed FY 2016-2017 Budget Presentation
 - Work session on Public Transportation (CORTRAN)
- March 22nd – Resolution adopting maximum tax rate
- April 12th – Resolution adopting 2016 tax rate
- May – First and Second Readings of Adopted Operating and Capital Budgets

COMMENTS/QUESTIONS

FY 2016-2017 BUDGET DEVELOPMENT WORKFORCE DEMOGRAPHICS & TOTAL COMPENSATION

Supplemental Information

Board of Supervisors Work Session

February 23, 2016

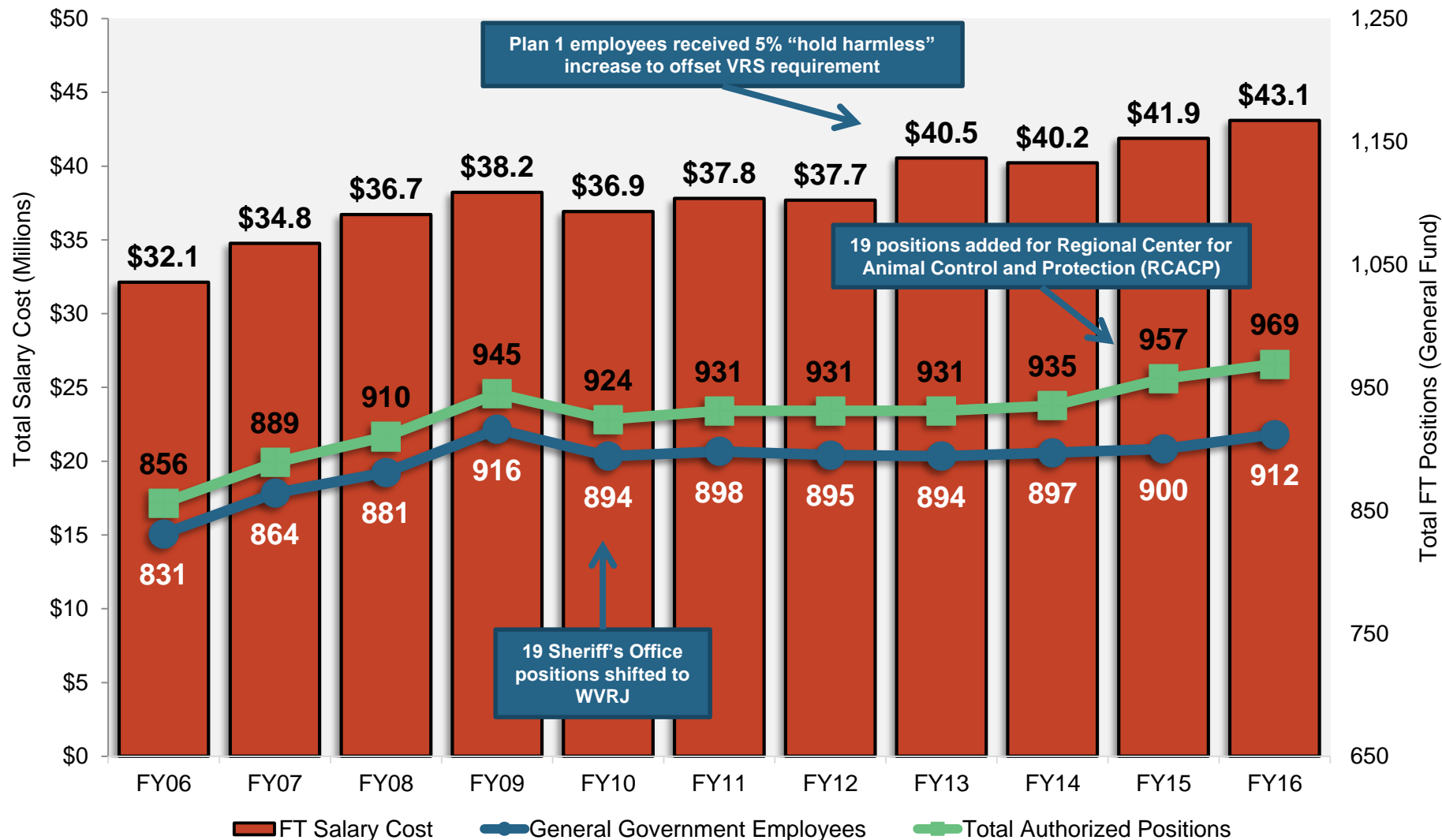
Salary Information

	10 Years Ago (FY 2006)	5 Years Ago (FY 2011)	Today (FY 2016)
Average Salary	\$37,396	\$42,197	\$45,865
Salary Only as % of Total General Government Expenditures (excluding School Transfer)	38.3%	39.0%	41.3%
Salary and Benefits as % of Total General Government Expenditures (excluding School Transfer)	50.9%	54.4%	54.8%
Highest Salary*	\$103,595	\$124,334	\$141,366
Lowest Salary	\$16,941	\$19,215	\$21,572

***Note:** Does not include non-classified positions (i.e. - County Administrator, County Attorney, Constitutional Officers)

Salary Information

Cost of Full-Time Salaries FY 2006 - FY 2016



***Note:** General Government count does not include Grant Funded, Fiscal Agent, or Special Revenue Funded positions

Retirement Example - \$50,000 Employee

Basic Retirement Example – Final Average Salary of \$50,000*			
Plan	Basic Retirement Benefit (30 years of service)	Total Annual Benefit	Annual Inflation Adjustment
Plan 1	\$2,125 / month	\$25,500	Chained to CPI 5% maximum
Plan 2	\$2,069 / month	\$24,825	Chained to CPI 3% maximum
Plan 3	\$1,833 / month + 10 years of defined contribution	\$22,000 + 10 years of defined contribution	Chained to CPI 3% maximum

*Source: Virginia Retirement System Plan Comparison Guide, www.varetire.org

Health Insurance

Health Insurance Comparison – KeyCare 200

Plan	Total Annual Premium	Annual Employee Cost	Annual Employer Cost
Keycare 200 Emp Only <u>with</u> Wellness	\$5,342	\$604 (11.3%)	\$4,738 (88.7%)
Keycare 200 Emp Only <u>without</u> Wellness	\$5,822	\$1,744 (30.0%)	\$4,078 (70.0%)
Keycare 200 Family Plan <u>with</u> Wellness	\$14,503	\$5,739 (39.6%)	\$8,764 (60.4%)
Keycare 200 Family Plan <u>without</u> Wellness	\$14,983	\$7,059 (47.1%)	\$7,924 (52.9%)

Health Insurance Comparison – KeyCare 1000

Plan	Total Annual Premium	Annual Employee Cost	Annual Employer Cost
Keycare 1000 Emp Only <u>with</u> Wellness	\$4,256	\$0 (0%)	\$4,256 (100%)
Keycare 1000 Emp Only <u>without</u> Wellness	\$4,873	\$798 (16.4%)	\$4,076 (83.6%)
Keycare 1000 Family Plan <u>with</u> Wellness	\$12,026	\$3,902 (32.4%)	\$8,124 (67.6%)
Keycare 1000 Family Plan <u>without</u> Wellness	\$12,626	\$4,862 (38.5%)	\$7,764 (61.5%)